

**IN THE CIRCUIT COURT OF JACKSON COUNTY, MISSOURI  
AT INDEPENDENCE**

<b>SHAYANNE BOWMAN</b>	)	
	)	
<b>JACKQUELYNN MORTENSON</b>	)	CASE NO. 1816-CV30104
	)	
<b>HEATHER MORRIS</b>	)	
1100 N. First St.	)	Division 16
Blue Springs, MO 64014	)	
	)	
<b>JESSICA SMITH</b>	)	
2108 SW Brookshire Dr.	)	
Blue Springs, MO 64015	)	
	)	
<b>MELISSA HOPPER</b>	)	
218 SE Wingate St. Unit B	)	
Lee's Summit, MO 64063	)	
	)	<b>JURY TRIAL DEMANDED</b>
<b>ZAIMAH MUHAMMAD</b>	)	
7424 Gregory Circle	)	
Raytown, MO 64133	)	
	)	
<b>MELISSA STEWART</b>	)	
7503 N Woodland Ave.	)	
Gladstone, MO 64118	)	
	)	
<b>GABRIELLE NELSON</b>	)	
6376 Woodfill Road	)	
Fort Carson, CO 80902	)	
	)	
<b>Plaintiffs,</b>	)	
<b>v.</b>	)	
	)	
<b>DLORAH, INC., d/b/a/</b>	)	
<b>NATIONAL AMERICAN UNIVERSITY;</b>	)	
<b>STACY J. WILTON; TYREE SMITH;</b>	)	
<b>ROBIN D. COOK; JOHN DOES 1-10;</b>	)	
<b>JANE DOES 1-10</b>	)	
	)	
<b>Defendants.</b>	)	

## **FIRST AMENDED PETITION FOR DAMAGES**

Plaintiffs, through counsel, allege and state the following causes of action against Defendants:

### **PLAINTIFFS**

1. Plaintiffs are all individuals over the age of eighteen (18).
2. Plaintiff Jackquelynn Mortenson attended the Independence, Missouri campus of Defendant Dlorah, Inc., (“NAU”) during the approximate dates of 2006 to 2008, in the Medical Assistant Program.
3. Plaintiff Shayanne Bowman attended, at all relevant times, the Independence, Missouri campus and Zona Rosa (Kansas City, Missouri) campus of Defendant Dlorah Inc., (“NAU”) during the approximate dates of 2005 to 2008, in the Medical Assistant Program and the Bachelor’s program for Health Care Management.
4. Plaintiff Heather Morris attended, at all relevant times, the Independence, Missouri campus of Defendant Dlorah Inc., (“NAU”) during the approximate dates of 2011 to 2014, in the Business Administration Program.
5. Plaintiff Jessica Smith attended, at all relevant times, the Independence, Missouri campus and Zona Rosa (Kansas City, Missouri) campus of Defendant Dlorah Inc., (“NAU”) during the approximate dates of 2008-2010, in the Nursing Program.
6. Plaintiff Melissa Hopper attended, at all relevant times, the Independence, Missouri campus, the Zona Rosa (Kansas City, Missouri) campus, the Lee’s Summit, Missouri, and the Overland Park, Kansas campus of Defendant Dlorah Inc., (“NAU”) during the approximate dates of 2010 to 2014, in the Business Management Program.

7. Plaintiff Zaimah Muhammad attended, at all relevant times, the Independence, Missouri campus and the Overland Park, Kansas campus of Defendant Dlorah Inc., (“NAU”) during the approximate dates of 2009 to 2015, in the Nursing Program.

8. Plaintiff Melissa Stewart attended the Zona Rosa (Kansas, City, Missouri) campus of Defendant Dlorah Inc., (“NAU”) during the approximate dates of 2014 to 2018, in the Nursing and Surgical Tech Programs.

9. Plaintiff Gabrielle Nelson attended, at all relevant times, the Independence, Missouri campus and Zona Rosa (Kansas City, Missouri) campus of Defendant Dlorah Inc., (“NAU”) during the approximate dates of 2008 to 2012, in the Pharmacy Tech and Medical Assistant Programs.

### **DEFENDANTS**

10. Defendant Dlorah, Inc., d/b/a National American University (hereinafter sometimes referred to as “NAU”), is a corporation licensed to do business in the State of Missouri and conducting business in Jackson County, Missouri at 3620 Arrowhead Avenue, Independence MO 64057.

11. Defendant NAU’s business is the operation and ownership of proprietary, for-profit, vocational, and technical institutions.

12. Upon information and belief, Defendant Stacy Wilton was, at all material times, an admissions representative and recruiter at NAU, and was at all relevant times a resident of the State of Missouri.

13. Upon information and belief, Defendant Tyree Smith was at all relevant times a resident of the State of Missouri in charge of the admissions and recruitment departments (or divisions of Defendant NAU serving these purposes and functions) at the Independence,

Missouri campus, and served in a direct position of authority and supervision over employees charged with the recruitment practices set forth herein.

14. Defendant Robin Cook was a NAU financial aid representative that required further loans and funds, and pursued the Plaintiffs within the facility, even pulling them out of class and to impress upon them the urgent need for additional funding to complete the programs for which Plaintiffs had been previously been promised a lesser total cost, and as a result created multiple revolving loans, more damaging to Plaintiffs' credit, and all a part of the scheme of fraudulent and misleading representations that said programs were accredited.

15. John Does and Jane Does are individuals employed at all times relevant hereto by Defendant NAU and who participated in the fraud, concealment and conspiracies set forth herein but whose identities are within the control of named defendants and unknown to Plaintiffs.

#### **JURISDICTION & VENUE**

16. Jurisdiction is proper in this Court pursuant to R.S.Mo. § 506.500 in that all material acts alleged herein took place in Missouri, and Plaintiffs are seeking damages in excess of \$15,000.

17. Venue is proper in this Court pursuant to R.S.Mo. § 508.010 because Plaintiffs were, at all relevant times residents of Eastern Jackson County Missouri, and/or their injuries were suffered and caused, and their causes of action arose in Eastern Jackson County, Missouri, and/or because several Defendants reside in – or have registered agents in – Eastern Jackson County, Missouri.

## **JOINDER OF CLAIMS**

18. Joinder of Plaintiffs' claims are permissible pursuant to Missouri Supreme Court Rule 52.05(a) in that the claims alleged herein arise out of the same series of occurrences and involve common questions of law and fact.

## **TOLLING OF STATUTE OF LIMITATIONS**

19. Any applicable statutes of limitation were tolled by Defendants' knowing and active concealment and denial of the facts as alleged herein. Plaintiffs were kept ignorant of vital information essential to the pursuit of these claims, without any fault or lack of diligence on their part. Plaintiffs could not reasonably have discovered the true nature of Defendants' fraudulent scheme.

20. Defendants are and were under a continuing duty to disclose to Plaintiffs the true character, quality and nature of Defendants' program, specifically including but not limited to the truth regarding certification as set forth more fully below, about which Defendants not only concealed, but actively misrepresented as a fact, and which Defendants' specifically concealed and kept Plaintiffs from discovering. Because of Defendants' purposeful failure to disclose and active concealment of the true character, terms and nature of their program, Defendants are estopped from relying on any statutes of limitation in their defense of this action.

21. Defendants' fraudulent concealment of these Plaintiffs' cause or causes of action against them, as more fully described herein tolled the operation of any statute of limitations until after discovery of the fraud.

22. Defendants, individually and together, prevented the commencement of this action by concealing themselves as the perpetrators of the fraud at issue, by affirmatively

denying the fraudulent conduct to Plaintiffs, and by other improper acts and concealments, and thus delayed the operation of any applicable statute of limitation until the discovery of the fraud.

23. These concealments and frauds were done purposefully and in part intended to conceal from Plaintiffs the injury and the true nature and extent of those injuries done to them, both during after the enrollment and attendance at the various campuses and in the various programs as alleged herein.

24. Defendants knew that their conduct had caused and was still causing harm to Plaintiffs both during and after Plaintiffs' enrollment and attendance, and engaged in such conduct in whole or in part to conceal from Plaintiffs the fact that they had a justiciable claim or cause of action against Defendants, and that their acts were fraudulent.

25. Defendants misrepresented the harmful nature of the goods and services marketed and sold to Plaintiffs, concealed and failed to disclose to Plaintiffs the extent of the risk to them, and still continue to deny and conceal the true nature and extent of these harms and risks, both to the Plaintiffs and the public to whom they still market, still recruit, still induce into federal loan programs, and still enroll in their fraudulent institution and programs.

26. These were all done as a planned and purposeful inducement to enroll and for the purpose of fraudulently securing federal student loan funds under the Plaintiffs' names, and Defendants hid from Plaintiffs both during and after enrollment and attendance the true hazardous and harmful nature of their enrollment at NAU, by among other means the lessening of their financial aid and student loan availability, the damage to their career in the fields of their study, and the injury and damage to their credit rating, financial record, and career and educational choices now and in the future.

27. In so doing, Defendants concealed their own fraudulent conduct and the Plaintiffs' ongoing and still occurring injuries and damages therefrom.

28. Under Missouri law, these purposeful concealments of the harm and the injuries Plaintiffs suffered therefrom, and the cause or causes of action arising therefrom separately and independently tolled any applicable statute of limitations until the Plaintiffs' discovery of them.

29. For example, Plaintiffs Mortenson and Bowman did not discover in fact, and could not have reasonably discovered, Defendants' fraudulent scheme until no sooner than March 2014 they discovered for the first time that the specific, detailed promises made to them by Defendants, and upon which they relied were not true, were false at the time they were made, and thus revealed for the first time the true nature of Defendants' specific conduct of marketing, deceptive and false enrollment practices, affirmative misrepresentations and concealments, and therefore any statute of limitations is tolled until the time of that discovery.

30. All other Plaintiffs did not, and could not have reasonably discovered the existence of, the nature and extent of, nor the damages arising from the Defendants' conduct until no sooner than 2018.

31. As a result, any and all applicable statutes of limitations were tolled, and all Plaintiffs named herein timely seek recovery of all damages allowable under the law.

### **GENERAL ALLEGATIONS REGARDING DEFENDANTS**

32. Dlorah, Inc. is a for-profit corporation, which operates National American University ("NAU"), a private for profit postsecondary vocational institution with campuses throughout the United States, and specifically in the State of Missouri.

33. NAU participates, or at all relevant times hereto participated, in federal student loan and grant programs. These programs include, among others, the William D. Ford Federal

Direct Loan Program (Direct Loans), the Federal Pell Grant Program, and campus-based aid programs. Grants do not have to be repaid by students, while loans must be repaid whether or not a student completes a degree program. However, in many instances, funds from either source (grants or loans) are limited in the amount any one borrower may receive.

34. Having identified the opportunity to tap into guaranteed payment through federal loan programs, while shielding itself from any risk resulting from its students' student loan defaults, NAU purposely entices prospective students to enroll and apply for student loans they cannot pay back through a systematic, deceptive marketing scheme. It conducts this scheme in large part through its publications, advertisements, recruiting materials and individuals "recruiters" and enrollment "advisors."

35. At all times relevant hereto, Defendants intentionally engaged in a pattern and practice of deceptive conduct and of making certain fraudulent misrepresentations and omissions to Plaintiffs and other prospective students.

36. NAU deceived students, including each Plaintiff named herein about federal financial aid, the true cost of attending NAU, the actual limits or caps of financial aid or student loans available over Plaintiffs' lifetime, the true nature and value of NAU's accreditations including specific accreditation and certification for specific vocations, the quality and reputation of its academic programs, including affirmative promises that instructors are specifically certified in the fields in which instruction is given when this was not the case, and defendants knew it was not the truth, guaranteed employment to potential students, including named Plaintiffs here, and purposefully and specifically misrepresented employment prospects and career placement services its graduates will receive, affirmatively promising job placement and

specific rates of pay therefor to students not yet graduated, and many other false representations and promises.

37. NAU specifically and expressly, both by way of direct communication with Plaintiffs Jackquelynn Mortenson and Shayanne Bowman, and through signage and written materials, represented that the Medical Assistant Program or “degree” was accredited by a specific accrediting at the time of Plaintiffs Bowman’s recruitment to NAU, and would remain so through her attendance and graduation.

38. This was a material and vital part of the recruitment of Plaintiffs Mortenson and Bowman, and was a material basis for their decision to attend NAU.

39. But for the repeated and affirmative promises, statements, and representations that NAU’s Medical Assistant Program was accredited, Plaintiffs Mortenson and Bowman would not have attended NAU.

40. But for the repeated and affirmative promises, statements, and representations that Defendants made and continue to make, Plaintiffs’ would not have attended NAU and would not have borrowed any or as much student loans as they did.

41. NAU, at all times relevant hereto, trained and deployed an army of aggressive, persistent enrollment advisors to reach out and recruit students directly, persuade current students to continue taking courses with no value and re-apply for additional and unnecessary governmentally guaranteed loans, and to purchase, with those funds, additional materials and credit hours from NAU, often extending the “required” length of programs after the given student, including specifically these Plaintiffs have enrolled and taken on significant loans guaranteed in part or in whole by the federal government, which is purposefully and aforesighted designed to increase the amount of money paid to NAU, all with no risk to it.

42. Collectively, these tactics drive NAU's enrollment practices and work to the company's great financial benefit, at the expense of its students, the federal government, and the American taxpayers.

43. In addition, at all times relevant hereto, NAU concealed from Plaintiffs material facts concerning their specific programs of study and made affirmative and factually specific, false representations and promises regarding their specific programs of study.

#### **GENERAL ALLEGATIONS REGARDING THE ENROLLMENT AND EXPERIENCE OF PLAINTIFFS**

44. Plaintiffs are former NAU students.

45. Defendants' pattern and practice of deceptive conduct and fraudulent misrepresentations and omissions was designed to, and in fact did, induce students, including specifically these Plaintiffs, to enroll in various programs.

46. On information and belief, Defendants' misrepresentations and omissions were made with Defendants' knowledge and approval and on Defendants behalf through:

- a) Direct mail advertisement. The identity of the individuals responsible for the content of this information is in the sole possession of Defendants, and their agents, and remains unknown at this time.
- b) Television advertisements. The identity of the individuals responsible for the content and the identity of the individuals in the television advertisements is in the sole possession of Defendants, and their agents, and remains unknown at this time.
- c) NAU recruitment materials including the NAU catalog: The identity of the individuals responsible for the content of this information is in the sole possession of Defendants, and their agents, and remains unknown at this time.

d) NAU enrollment advisors, academic coordinators, admissions officers, retention coordinators, externship coordinators, financial aid officers, recruiters and administrative staff.

47. The location of Defendants' misrepresentations and omissions occurred at:

- a) Plaintiffs' home;
- b) At NAU campus(es);
- c) At career fairs or similar enrollment drive events;
- d) Through transmission of television or other advertisements;
- e) Online directed media and targeted advertising campaigns;
- f) And in other ways yet to be discovered.

48. Defendants' misrepresentations and omissions were made to Plaintiffs prior to their enrollment, during their enrollment and after completion of the program and continued up and through the present.

49. In the case of Plaintiffs Bowman and Mortenson, they first learned that the affirmative promises and statements Defendants made regarding accreditation were false and misleading in late 2014.

50. In the case of all other relevant frauds and misleading statements and promises, all Plaintiffs' were not aware, and could not have been aware that they were false and misleading until no earlier than 2018.

51. At all times relevant hereto, NAU made the following misrepresentations to Plaintiffs upon which they reasonably relied:

- a) that its programs would provide an adequate educational experience comparable to other area degree programs in the same field, and would meet objectively measured minimum standards of training;
- b) that any educational credits earned at NAU would transfer and would apply towards a degree program at another school;
- c) that the program or programs in which Plaintiffs enrolled were certified or accredited in the field for which they would be employed, and that these certifications or accreditations were of material value to Plaintiffs and would lead to their employment and increased salary or wage as a result.
- d) that NAU's instructors all had degrees, specific certifications, were experienced in their respective fields, and/or in the fields in which they provide instruction;
- e) that NAU's programs were more rigorous and thorough than other area schools, thereby making NAU graduates more competitive in the job market and specific representations of fact that area employers in fact did hire more graduates from NAU than other schools;
- f) that enrolling in its evening classes offered all of the same benefits as the day classes, including specifically but not limited to those benefits set forth in above paragraphs;
- g) that the cost of the program would be a specific dollar amount, which was less than NAU knew would be the actual cost of the program;
- h) that Plaintiffs were eligible for government grants that would largely offset the program costs, and any remaining program costs would be paid for

through student loans, even though NAU and its authorized employees and agents knew these statements to be false when made, or without knowledge of the truth though stated as affirmative fact;

- i) that NAU would provide Plaintiffs with qualified externships within a certain time frame and within specific fields of study and geographic locations;
- j) that NAU guaranteed Plaintiffs a job, and at a specific wage;
- k) that NAU would provide specific, qualified instructions as to interviews, drafting resumes, and job placement;
- l) that the specific program of study in which Plaintiffs were interested, and in fact did enroll in, was and would remain accredited;
- m) that Plaintiffs could borrow as much as they desired nor needed up to the amount allowed each semester/quarter/year as determined and controlled by Defendants without impact or limitation on their ability to seek other loans for future additional education ;and
- n) In all other ways demonstrated by the admitted evidence at the jury trial in this matter.

52. As a result of, and in reliance on, these and other representations and misstatements of fact, Plaintiffs enrolled and were assisted in applying for financial aid in the form of student loans, which loans must be repaid by Plaintiffs after graduation from NAU.

53. Only after their enrollment at NAU, and after Plaintiffs had already borrowed significant funds directly paid to NAU, and ongoing after their enrollment was over or attendance has ended as alleged above, Plaintiffs discovered that many of Defendants' material

representations regarding the purported benefits of attending NAU were false and/or misleading in numerous respects, including the following:

- a) Educational credits earned at NAU were not transferable towards programs at other schools, and in fact were deemed worthless by the very institutions that NAU affirmatively promised would accept them, including but not limited to area schools such as Penn Valley and Park University, by way of two examples only;
- b) The program in which Plaintiffs enrolled lasted longer and was more expensive than Defendants represented; and due to limitations of staff and class offerings, were unable to be completed in the timeframe promised;
- c) Plaintiffs' instructors did not have the minimum specific qualifications or experience that Defendants represented and promised;
- d) There was a high degree of employee turnover. Plaintiffs' instructors were frequently fired or suddenly gone during the middle of the course, and replaced with temporary or substitute "professors" who would affirmatively inform Plaintiffs that they did not know anything about and in some instances classes were held with no instructor at all;
- e) The evening classes in fact did not offer all of the same benefits as the day classes; there was no administrative staff available to assist students during evening and night hours, despite express promises that there would be, and many of the facilities were even closed; moreover, the evening courses were significantly limited and difficult to schedule, resulting in delayed graduation dates, continued loan applications, and again, increased payments to

Defendants, all of which Defendants knew at the time they promised otherwise;

- f) The student loans and grants did not include the total cost of the students program resulting in debt that Plaintiff were never informed of, and in direct contradiction to the representations and promises made by Defendants to entice Plaintiffs to enroll at NAU; and included fees, item and equipment fees, and other charges that Defendants billed to Plaintiffs without their knowledge or agreement, and the items for which were never asked for by, nor provided to, Plaintiffs;
- g) That contrary to the direct representations and statements of recruiters, admissions and financial aid representatives of Defendants, there was a limit or a “cap” on the amount of student loans Plaintiffs could borrow in their lifetime or over a period of time, and/or a maximum that could be owed, and that as a result of the exorbitant and ongoing debt created by NAU, these Plaintiffs could not borrow for future educational opportunities, could therefore not complete their degrees or certificates and could not pursue careers and employment based thereon; and
- h) In other ways demonstrated by the admitted evidence at any trial in this matter.

54. Specifically, as just one example, in or shortly after March 2014, the Plaintiffs Mortenson and Bowman learned for the first time that the NAU “MA” program in which they had enrolled and graduated from was not accredited.

55. Due to the misrepresentations and other conduct as set forth herein of NAU, Plaintiffs will not be and have not been trained in the subject areas in which they enrolled, will not receive the specific jobs they were promised, nor the salaries they were promised upon graduation, and will fail to attain accreditation in their fields due to a failure of NAU to properly provide an education which will allow accreditation, and the “education” received from NAU, has no value to Plaintiffs, and instead has resulted in crippling debt.

56. Due to NAU’s misrepresentations and other conduct as set forth herein, Plaintiffs will not fulfill their commitments to their children and family members; will not fulfill their desire for self-improvement through personal study and course work at NAU, and have been denied the self-improvement and edification personal to each Plaintiff herein.

57. Plaintiffs borrowed thousands, and even tens of thousands of dollars, to attend NAU only to discover later that their degrees and “education” are worthless and their credits won’t transfer, even to the point where at least one Plaintiff’s current employer refused to accept her NAU credits as evidence of further qualification of employment. Now Plaintiffs are thousands of dollars in debt, for no value in return, have not bettered themselves through study as they were promised, have not improved their understanding of the world in which they live, and have not provided an example to their children as to the importance of pursuing and securing post high-school education, as was a material purpose and reason for seeking education and training at NAU.

58. Plaintiffs have been damaged not only in terms of inability to earn a living in their field upon graduation but also because they must repay the student loans NAU assisted them in obtaining, which are substantial, and are by virtue of the large debt NAU enticed them to take on, all for the benefit not of Plaintiffs’ but the financial interests of Defendants, are barred from

seeking further education or obtaining financial aid or student loans, and have suffered damage to their ability to borrow for all other matters, including damage to their credit rating, credit scores, FICO scores, and other measures by which lenders base make lending decisions.

**COUNT I**  
**FRAUDULENT MISREPRESENTATION**  
**(Against all Defendants)**

59. Plaintiffs incorporate by reference the foregoing statements and allegations as though fully set forth herein.

60. Defendants made material misrepresentations in order to induce Plaintiffs to enroll as students in its facility including but not limited to:

- a. Job placement and job demand;
- b. Promised starting salary;
- c. Graduation rates;
- d. Instructors certifications and qualification;
- e. Quality of education;
- f. Transferability of credits to other institutions; and
- g. Cost and duration of programs.

61. At the time Defendants made the representation, Defendants knew that the representations were false, or did not know whether the representations were true or false.

62. At the time of said representation, Defendants intended for Plaintiffs to rely on the representations.

63. Plaintiffs had a right to rely on Defendants' representation and did, in fact, rely on such representations.

64. That in reliance on NAU's material misrepresentations, Plaintiffs enrolled in its facility and were assisted in applying for financial aid in the form of student loans which they must repay regardless of NAU's breach of material promises and representations to Plaintiffs.

65. As a direct and proximate result of Defendants' fraudulent representation the Plaintiffs have incurred damages.

66. Defendants' acts were outrageous due to Defendants' evil motive or reckless indifference to the rights of others, entitling Plaintiffs to an award of punitive damages in an amount sufficient to punish Defendants and deter Defendants and others for like conduct.

WHEREFORE, Plaintiffs pray for judgment against all Defendants for such sums as are fair and reasonable, including punitive damages, together with any and all costs herein incurred, and for such other relief this Court deems just and proper.

**COUNT II**  
**NEGLIGENT MISREPRESENTATION**  
**(Against all Defendants)**

67. Plaintiffs incorporate by reference the foregoing statements and allegations as though fully set forth herein.

68. Defendants made material misrepresentations in order to induce Plaintiffs to enroll as students in its facility.

69. In making said representation, Defendants failed to use ordinary care.

70. At the time of said representation, Defendants intended for Plaintiff to rely on the representation.

71. In reliance on the material misrepresentations of NAU, Plaintiffs enrolled in its facility and Plaintiffs were assisted in applying for financial aid in the form of student loans, Plaintiffs must repay loans after graduation from NAU.

72. These misrepresentations were material to Plaintiffs' enrollment in its facility.

73. Plaintiffs relied on the information supplied by Defendants and such reliance was reasonable under the circumstances.

74. As a direct and proximate result of Defendants' negligent misrepresentation Plaintiffs have been injured and damaged as herein described.

75. Defendants' acts were outrageous due to Defendants' evil motive or reckless indifference to the rights of others, entitling Plaintiffs to an award of punitive damages in an amount sufficient to punish Defendants and deter Defendants and others for like conduct.

WHEREFORE, Plaintiffs pray for judgment against all Defendants for such sums as are fair and reasonable, including punitive damages, together with any and all costs herein incurred, and for such other relief this Court deems just and proper.

**COUNT III**  
**CIVIL CONSPIRACY**  
**(Against All Defendants)**

76. Plaintiffs incorporate by reference the foregoing statements and allegations as though fully set forth herein.

77. Defendants had an agreement and/or understanding, that they would use a pattern of advertising, deceptive enrollment and recruitment techniques to entice Plaintiffs, and other students, to enroll at NAU, all with the purposes of charging exaggerated fees, tuition, and costs, and for the benefit of defendants.

78. The NAU individual officers or agents had an "independent and personal stake in achieving the object of the conspiracy," in that the fraud was implemented for individual Defendants' personal financial gain, and not in the best interests of NAU's stated mission and purpose as an educational institution, and was inconsistent with, and contrary to the obligations and rules and regulations by which they agreed to abide when accepting certain financial aid.

79. The individual Defendants receive compensation in the form of money, travel and/or trips, and other gratuities yet to be discovered directly or indirectly tied to their ability to further the conspiracy and fraud as set forth herein upon prospective and current students, specifically including Plaintiffs here. Their compensation was, at all relevant times, directly and/or indirectly tied to the profitability of NAU.

80. In addition, NAU and individual Defendants conspired with other persons, entities or organizations, including trade organizations and accreditation entities. All Defendants and these non-party conspirators developed and perpetrated an “accreditation” scheme designed to deceive members of the public into believing they were legitimate schools.

81. In attempting to accomplish their goal Defendants committed one or more overt acts as fully enumerated above.

82. As a direct and proximate result of Defendants’ acts in furtherance of this conspiracy, Plaintiffs have incurred damages.

83. Defendants’ acts were outrageous due to Defendants’ evil motive or reckless indifference to the rights of others, entitling Plaintiffs to an award of punitive damages in an amount sufficient to punish Defendants and deter Defendants and others for like conduct.

WHEREFORE, Plaintiff prays for judgment against all Defendants for such sums as are fair and reasonable, including punitive damages, together with any and all costs herein incurred, and for such other relief this Court deems just and proper.

**COUNT IV**  
**VIOLATION OF THE MISSOURI MERCHANDISING PRACTICES ACT**  
**(Against all Defendants)**

84. Plaintiffs incorporate by reference the foregoing statements and allegations as though fully set forth herein.

85. Plaintiffs and Defendants are within the definition of "person" under the Missouri Merchandising Practices Act, R.S.Mo. § 407.010, et seq.

86. Defendants' statements to induce Plaintiffs to enroll at NAU constitute "advertisements" as defined by R.S.Mo. § 407.010(1).

87. The objects of the educational programs and services offered by Defendant NAU constitute merchandise as defined by R.S.Mo. § 407.010(4).

88. Defendants' advertising, offering for sale, and/or sale of merchandise constitutes "trade" or "commerce" as defined by R.S.Mo. § 407.010(7).

89. Plaintiffs purchased merchandise from Defendants primarily for personal, family, or household purposes within the meaning of R.S.Mo. § 407.025.1. The purposes of Plaintiffs' purchase include but are not limited to:

- a) Personal satisfaction of achieving a goal;
- b) Personal desire to become educated;
- c) General interest in subject matter;
- d) Motivating other family members, including their children to continue getting an education;
- e) Belonging to an organization, and being a part of a similarly-minded and motivated group of peers;
- f) To better provide for the personal needs of their household, including food, clothing, heat and shelter;
- g) To use credits to apply to another degree;

- h) Accreditation by appropriate professional and/or licensing bodies permitting access to greater continuing legal education resources, more professional opportunities for employment and advancement within their employment; and
- i) Self-improvement and awareness, including but not limited to the better understanding of social groups, political organizations and family groups of which they were apart, the impact and application of technology to individuals, edification and self-study and exposure to literature, historical factors of citizenship, and many others to be established at trial.

90. Defendants engaged in a pattern and practice of using concealment, suppression and omission of material facts in connection with the advertising and sale of merchandise in trade or commerce in violation of R.S.Mo. § 407.020.1.

91. As a direct result of Defendants' violations of the Missouri Merchandising Practices Acts by Defendants, Plaintiff sustained an ascertainable loss of money, including but not limited to; the amounts paid by Plaintiff in tuition and other fees to attend NAU, and lost past and future earnings that lack of proper and specifically promised accreditation have foreclosed.

92. Defendants' acts were outrageous due to Defendants' evil motive or reckless indifference to the rights of others, entitling Plaintiffs to an award of punitive damages in an amount sufficient to punish Defendants and deter Defendants and others for like conduct.

WHEREFORE, Plaintiffs pray for judgment against all Defendants for such sums as are fair and reasonable, including punitive damages, together with any and all costs herein incurred, attorney fees and penalties and for such other relief this Court deems just and proper.

**DEMAND FOR JURY TRIAL OF ALL ISSUES**

93. Plaintiffs demand a trial by jury of all issues in this case.

Date: August 8, 2019

Respectfully submitted,

HUMPHREY, FARRINGTON & McCLAIN, P.C.

*/s/ Andrew K. Smith*

Andrew K. Smith #60485

221 W. Lexington, Suite 400

P.O. Box 900

Independence, Missouri 64050

(816) 836-5050

(816) 836-8966 FAX

[aks@hfmlegal.com](mailto:aks@hfmlegal.com)

**ATTORNEY FOR PLAINTIFFS**

**CERTIFICATE OF SERVICE**

I, Andrew K Smith, an attorney, certify that I caused a copy of the attached to be served via ECF, on August 8, 2019, upon the following counsel:

Bridget B. Romero  
Jennifer Hannah  
Lathrop Gage LLP  
2345 Grand Blvd., Suite 2200  
Kansas City, MO 64108-2618  
Phone: (816) 460-5602

and

Dean A. LeDoux  
Dion A. LeDoux  
Gray, Plant, Mooty, & Bennett, P.A.  
500 IDS Center  
80 South 8<sup>th</sup> Street  
Minneapolis, Minnesota 55402  
Phone: (612) 632-3233  
**ATTORNEYS FOR DEFENDANT**  
**DLORAH, INC.**

*/s/ Andrew K. Smith*  

---

**ATTORNEY FOR PLAINTIFFS**